

Message Text

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20

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

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FM AMCONSUL MILAN

TO SECSTATE WASHDC 4308

INFO AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: ELAB, IT

SUBJECT: RANCO SITUATION OCTOBER 17, 1975

REF MILAN'S 1893* MILAN 1631, MILAN 1585, MILAN 1589, ROME 12713

1. APPEARS THAT NEARLY ALL ITALIAN PARTIES TO RANCO CLOSING NOW READY TO SETTLE FOR HALF A LOAF. MEETINGS WITH PREFECT, MAYOR, INDUSTRIALISTS UNION, CHRISTIAN DEMOCRATS AND SOCIALISTS ON OCTOBER 9 AND AGAIN ON OCTOBER 17 SUGGEST THAT OFFER TO ACCEPT 50 PERCENT CUT IN WORKFORCE MAY SOON BE FORTHCOMING.

2. ALL OF ABOVE PRESSED CONGEN FOR NEWS OF RANCO RECONSIDERATION IN RESPONSE INTERVENTION BY ITALIAN MINISTER FOREIGN AFFAIRS. CONGEN REPLIED THAT NO INITIATIVE FROM RANCO COULD BE EXPECTED SINCE COMPANY HAD REACHED RELUCTANT DECISION CLOSE AND HAD CROSSED PSYCHOLOGICAL THRESHOLD TO DO SO. WHILE USG HAD URGED RANCO RECONSIDER WERE LOCAL CONDITIONS TO IMPROVE, CONGEN CAUTIONED THAT RANCO SAID DECISION WAS FINAL AND THAT EACH PASSING DAY DIMINISHED

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CHANCES OF CHANGING ITS MIND. ON OTHER HAND, WERE

PREFECT TO PROPOSE REEXAMINATION OF CLOSING AND BE
ABLE TO GIVE REASONABLE ASSURANCE OF UNIONS READINESS
ACCEPT 50 PERCENT REDUCTION OF EMPLOYEES IN PRINCIPLE,
WE WOULD MAKE RENEWED EFFORT WITH RANCO.

3. PREFECT SAID THAT HE WAS NOW READY TO RESUME
DISCUSSION WITH UNION LEADERS. PSI SECRETARY AND
PSI MEMBER OF SAVE RANCO COMMITTEE SAID PRIVATELY
THAT THERE NOW NO OTHER WAY OUT. EVERY POSSIBILITY
HAD BEEN EXPLORED AND NONE WAS FEASIBLE. WHILE CUT
OF EMPLOYEES WOULD BE BITTER PILL IN SHORT RUN, PSI
GRUDGINGLY CONCLUDED THAT IN LONG RUN MULTINATIOAL
RANCO HAD BEST PROSPECT OF PROVIDING EMPLOYMENT IN
LOMAZZO. PSI PROVINCIAL SECRETARY SAID PSI MAYOR OF
LOMAZZO WOULD PROBABLY PROPOSE WORKFORCE CUT TO
UNIONS AND, IF ACCEPTED, TO PREFECT FOR TRANSMITTAL
TO RANCO VIA CONSULATE.

4. MUCH APPRECIATE DEPT'S ACTION ON RANCO CLOSING
AND WILL REPORT NEXT STEP WHEN, AND IF, IT TAKEN
HERE.FINA

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